

## Message Text

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43

ACTION AF-18

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 SS-15 NSC-10 DODE-00 PA-03

USIA-12 PRS-01 L-03 RSR-01 AGR-20 /157 W

----- 103512

R 041042 Z APR 73

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 1450

INFO AMEMBASSY DAR ES SALAAM

AMEMBASSY KAMPALA

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E. O. 11652: N/ A

TAGS: ECON, EFIN, KE

SUBJECT: IMPROVEMENT IN KENYAN BALANCE OF PAYMENTS

1. DURING CALL ON CENTRAL BANK GOVERNOR DUNCAN NDEGWA BY AF/E DIRECTOR COOTE AND EMBOFF, NDEGWA REVEALED GOK PLANS TO LIFT IMPORT RESTRAINTS (IMPOSED IN JANUARY 1972) BY END OF THIS YEAR.

RESTRAINTS ON AUTO IMPORTS LIKELY TO REMAIN BEYOND THAT TIME, HOWEVER.

2. NDEGWA REAFFIRMED KENYAN BALANCE OF PAYMENTS SITUATION HAS IMPROVED GREATLY THANKS TO IMPORT RESTRAINT PROGRAM AND CONTINUED HIGH LEVELS OF COFFEE EXPORTS. GROSS EXCHANGE RESERVES NOW STAND AT

LEVELS EQUAL TO 5 MONTHS ANNUAL IMPORTS (FOUR MONTHS IS STATUTORY REQUIREMENT). WELCOMED CAPITAL ASSISTANCE FROM USG AND OTHERS FOR BUDGET SUPPORT BECAUSE GOK EXPENDITURES FOR PUBLIC SERVICES WERE INCREASING RAPIDLY AND INSUFFICIENT SAVINGS BEING GENERATED THROUGH TAXATION TO MEET EXPECTED DEFICITS IN NEXT FEW YEARS.

COMMENT: FOREIGN RESERVES OF CENTRAL BANK, WHICH DROPPED TO ABOUT 55 MILLION K POUNDS BY END OF 1971 (1 K POUND EQUALS \$2.80) HAD STEADILY INCREASED TO 72 MILLION POUNDS BY END OF 1972, AND

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ARE NOW BELIEVED TO BE AT ABOUT 75 MILLION POUNDS OR EQUAL  
TO PEAK ACHIEVED IN MARCH 1970. BUDGETARY SUPPORT ARGUMENTS  
ASIDE, THESE DATA SUGGEST A LESSENED NEED FOR BALANCE OF  
PAYMENTS SUPPORT FROM DONORS.

LINDSTROM

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 APR 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973NAIROB02136  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Review Comment:** n/a  
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**Subject:** IMPROVEMENT IN KANYAN BALANCE OF PAYMENTS  
**TAGS:** ECON, EFIN, KE  
**To:** AF  
DAR ES SALAAM  
KAMPALA  
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